



**ASX/Media Release
7 June 2019**

Pantheon Resources Plc Announcements

Melbourne, 7 June 2019 - Argo Exploration Ltd ("Argo"; ASX Code 'AXT') would like to refer to the announcement by Pantheon Resources Plc ("Pantheon") to the London Stock Exchange (AIM –Quoted).

Argo continues to hold 6,700,000 fully paid ordinary shares in Pantheon. The value of Argo's investment in Pantheon is ~\$A2.8m as at the date of this announcement.

For further information please contact:

Chris Martin - Director

Telephone (03) 9692 7222

Email: argoexploration@iinet.net.au

Or visit the website www.argoexploration.com.au

6 June 2019

Pantheon Resources plc

Resource upgrade – Alkaid prospect

Pantheon Resources plc ("Pantheon" or "the Company"), the AIM-quoted oil and gas exploration company with working interests in several conventional project areas in Tyler and Polk Counties, onshore East Texas, and onshore North Slope of Alaska, is pleased to provide details of the Webcast scheduled for 1130am BST today and to provide the following update in relation to the testing of the Alkaid well located on the Alaska North Slope:

Webcast

A CEO Q&A Webcast will be available at 1130 British Summer Time today and will be accessible at the following link: <https://webcasting.brrmedia.co.uk/broadcast/5cf6ad4a221579216107c9a7>

Alkaid project: P50 Technically Recoverable Resource upgrade

As previously announced, the Alkaid well was confirmed as an oil discovery in the primary target, the Brookian ("zone of interest" or "ZOI") at c.8,100ft depth, flowing 80-100 bopd of high quality, light oil from a 6 foot perforated interval (within a 240 foot interval of net pay) during testing. This result is considered of great importance because the Brookian ZOI is the same formation that is at the heart of the major Alaskan discoveries over recent times. Pantheon has a large family of other Brookian prospects on its acreage. Notably, the result has confirmed the efficacy of Pantheon's *'High Tech Geophysics'* analysis in modelling the Brookian, important because the application of High Tech Geophysics has been central to those recent major Brookian discoveries in Alaska.

Alkaid was drilled as a vertical test well with the objective of verifying the presence of the oil reservoir and gathering data and was *not* drilled to maximise production from this wellbore. The well is on the edge of the reservoir and seismic clearly shows improved reservoir characteristics moving towards the heart of the reservoir. Future development wells will be drilled horizontally and fracked as is typical for the region, which should result in vastly improved flow rates than that of the test well.

Since testing the well, analysis by the Company has been ongoing. Petrophysical analysis has now been completed and the Company is pleased to provide the following conclusions from this analysis:

Please note that the estimates below are Company estimates and do not imply "resources" under Petroleum Resources Management System.

1. The major geological parameters assessed in Alkaid all exceeded pre-drill analyses.
2. The Alkaid and Phecda projects have been remapped, which included a merging of additional 3D seismic shot subsequent to drilling. Remapping has concluded that both Alkaid and Phecda are now part of the same structural accumulation. Accordingly, Phecda has been upgraded from exploration to appraisal status with a resultant reduction in risk.
3. Oil in place ("OIP") - the Alkaid and Phecda combined OIP has been upgraded by the Company by approximately 50%, increasing from 595 million barrels of oil ("mmbo") to 900 mmbo.

4. Recovery factor ("RF") - the RF for Alkaid and Phecda has increased from 10% pre-drill to a range of 10-15%. It is noted that secondary recovery techniques such as water flooding have been successfully applied to other Brookian accumulations in Alaska bringing recovery factors as high as 40%. For conservatism, it is too early for Pantheon to model such secondary recoveries into its base case given such techniques have not been applied at Alkaid. However, if such techniques were successfully applied during development then potential exists for a significant improvement to the 10-15% modelled recovery factor.
5. P50 Technically Recoverable Resource - combined from Alkaid and Phecda has been increased by the Company from 59 mmbo to 90-135 mmbo.
6. Future development wells will be drilled horizontally and fracked. The Board believe that, in a success case, a modelled P50 well is estimated to have an EUR (Estimated Ultimate Recovery) in the range of 1.5 - 2.5mmbo and an estimated potential maximum flow rate per well exceeding 1,500 barrels of oil per day.
7. Development of the Alkaid/Phecda project benefits tremendously, both financially and operationally, from its location immediately adjacent to and underneath the Dalton Highway and the Trans-Alaska Pipeline System ("TAPS"). The Company's preliminary modelling suggests potential for up to c.50 development wells across the project in a phased development plan, with first production targeted for 2021 utilizing mobile Early Production Units ("EPU's"). Because of its favorable location, it is believed Alkaid/Phecda should have year round operations and not be subject to the typical seasonal activity restrictions.
8. The data room for Alkaid/Phecda is nearly complete and work is underway to commence formal farmout discussions. Over US\$80m has been invested in seismic with over \$200m total sunk cost into the Alaskan project. Management believe this important discovery offers both scale and near-term development potential to any potential farminee. Pantheon is seeking potential farminees to contribute a material up-front cash contribution towards sunk cost for entry into the project, together with an element of 'carry' whereby that farminee would fund part of Pantheon's development costs.
9. The Alkaid/Phecda development opportunity is compelling and the Company has already been proactively approached by parties making enquiry about possible opportunities.
10. The Alkaid results have also increased confidence in the Brookian section at Talitha. The efficacy of the High Tech Geophysics in its rendering of the Brookian sequence at Alkaid gives the Company confidence in correlating the High Tech Geophysics in the Brookian section at Talitha. Whilst Pantheon is yet to drill a well at Talitha, the presence of the Pipeline State #1 well on the Talitha acreage is of great importance. That well was drilled in 1988, at a time when drilling capabilities were not advanced as today and when the oil price was c.\$10 barrel. The well encountered hydrocarbons, but was targeting a thick, clean sand and instead encountered an interbedded, laminate type sand and thus was plugged and abandoned. With today's advanced horizontal drilling and fracking techniques, this type of geology can be, and is, effectively and efficiently drilled and produced.
11. Owing to the favourable location and the quality of data received, the Company believes the Alkaid/Phecda project could generate NPV's per barrel of oil superior to other Alaskan discoveries made over recent years. The Company's preliminary modelled NPV10 per barrel of oil in the ground range is estimated at \$7 - \$12. Alaska North Slope oil trades at a premium to WTI (West Texas Intermediate) and in the current environment we would estimate a net back of c.\$55 per barrel of oil, after all transportation and pipeline charges.

East Texas Update

The main focus of the Company in 2019 has been on Alaska, principally because of the requirement to achieve our objectives during the 2018/19 winter drilling season. Exploration efforts in Alaska are typically confined to the winter months when the ice protects the natural tundra. East Texas remains a core asset of the Company with potential for the Eagle Ford sandstone, Austin Chalk, Wilcox and Navarro formations, all of which have encountered hydrocarbons on our acreage. East Texas has abundant nearby infrastructure and successful wells can be brought on stream and generate cashflow rapidly.

The Great Bear acquisition delivered Pantheon a world class technical and operational team with a deep history in US oil and gas. The new team has commenced a full and comprehensive review of East Texas. We have reengaged with the Bureau of Economic Geology at the University of Texas, in Austin (the "BEG"), who participated in Vision's 3+ year geological study a number of years ago. This review will include our prospects, regional analogs and operational experiences to date. No shortcuts are being taken and a decision on the next East Texas drilling operation will be made only when that study is completed, to minimize the chances of failure and to ensure the team has a full understanding of the geology.

Under Vision's operatorship, 6 wells were drilled, all of which encountered potentially significant hydrocarbons. Each however, suffered a variety of different operational issues which hampered the success of those wells and masked the underlying potential of those locations. Since obtaining control of Vision earlier this year we have parted ways Vision's operational team, and future operations will be led by our new highly experienced operational team whose performance under challenging conditions at Alkaid was exceptional. As previously announced, because of the varied well bore issues, current wells will continue to have variable production rates with regular interventions to address blockages and other issues and will never be great producers. We are hopeful to improve production through a number of small workovers.

Recent leasing in East Texas has been 100% by Pantheon. The acquisition of 2/3 of the shareholding of the Vision entities in January this year gave us management and operational control. Having paid 100% of all Vision costs for the past year, unless Vision can repay those costs *and* pay their pro rata share of future drilling and operating costs, Pantheon will default to an effective 100% working interest in the East Texas prospects.

Jay Cheatham, CEO, said: *"It gives me great pleasure to report this extremely positive news to shareholders. Alkaid has been a great success for our Company leading to both a resource upgrade and increased confidence for our other Brookian prospects. It delivers a wonderful near-term development opportunity of scale, in one of the most exciting areas for oil and gas in the USA where there are limited opportunities for investment or participation. We will complete our data room shortly and welcome discussions with potential farm in partners who we expect to provide both funding and resource. Our target is to bring the project into production as early as 2021. It also allows us to increase the profile of our company at both an industry and an investor relations level, starting with a marketing roadshow to US institutional investors, which is a logical step given their greater knowledge of Alaska."*

"In East Texas things have progressed and our team has already commenced a detailed technical review of the geology and operations. We have acquired operational control of the project and parted ways with Vision's previous operational team and moved to a position where we have an effective 100% working interest going forward."

"At a corporate level our integration with the team at Great Bear is going very well. We have assembled a first class team both corporately and technically, and we will continue to carefully and strategically manage our assets for the benefit of all shareholders.

Further information:

Pantheon Resources plc
Jay Cheatham, CEO
Justin Hondris, Director, Finance and Corporate Development

+44 20 7484 5361

Arden Partners plc (Nominated Adviser and broker)
Paul Shackleton

+44 20 7614 5900

Daniel Gee-Summons

Notes to Editors

Pantheon Resources plc is an AIM listed Oil & Gas exploration and production company with assets in East Texas and on the North Slope of Alaska, onshore USA.

The Group's stated objective is to create material value for its stakeholders through oil exploration, appraisal and development activities in high impact, highly prospective assets, in the USA; a highly established region for energy production with infrastructure, skilled personnel and low sovereign risk. All operations are onshore USA, with drilling costs an order of magnitude below that of offshore wells.

In East Texas, Pantheon held a 50% to 75% working interest ("WI") in several conventional prospects in Tyler & Polk Counties, in an area of abundant regional infrastructure, and in proximity to the prized Double A Wells Field. Pantheon has the ability for this working interest position to increase to 100% should the minority partner not be in a position to meet its pro rata share of future drilling and operating costs.

In Alaska, following its acquisition of the assets of Great Bear Petroleum in January 2019, Pantheon holds working interests ranging between 10% and 90% of prospects covered by circa 1,000 square miles of 3D seismic with P50 Technically Recoverable Resources estimated at over 1.2 billion barrels of oil excluding the Winx Prospect and the West Sak and Ugnu formations.

For further information on Pantheon Resources plc, see the website at: www.pantheonresources.com

The information contained within this RNS is considered to be inside information prior to its release. Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

In accordance with the AIM Rules - Note for Mining and Oil & Gas Companies - June 2009, the information contained in this announcement has been reviewed and signed off by Jay Cheatham, a qualified Chemical & Petroleum Engineer, who has over 40 years' relevant experience within the sector.

Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of

potentially movable hydrocarbons. The announcement contains management estimates of possible valuations based on certain assumptions based upon information available at the time of writing and relating to a future period and, accordingly, they are not guaranteed and are subject to change. Estimates and assumptions underlying any such valuations are inherently uncertain, are based on events that have not taken place and are subject to economic, competitive and other uncertainties and contingencies beyond the Company's control. It is emphasised that the valuations, which are unaudited projections, do not constitute any form of forecast, whether of cash, profit or otherwise.

GLOSSARY

BOPD Barrels of Oil per day

API The [American Petroleum Institute](#) gravity, or **API gravity**, is a measure of how heavy or light a [petroleum](#) liquid is compared to water: if its API gravity is greater than 10, it is lighter and floats on water; if less than 10, it is heavier and sinks.

NPV Net Present Value

ZOI Zone of interest (primary target)

Gross pay That portion (the overall interval) of a reservoir that contains economically recoverable reservoir.

Net Pay That smaller section of Gross Pay that meets further criteria for pay such as permeability & hydrocarbon saturation.

-ENDS-